GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:1958
ANSWERED ON:28.11.2016
Incentive for Leather Industry
Kesineni Shri Srinivas

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the total value of the leather industry in India and its share of exports in the Industry at present;

(b) whether the Government proposes to provide any special incentives to the leather industry in the country; and

(c) if so, the details thereof and if not, the reasons therefor?

Answer

???????? ??? ?????? ???????????? (????????? ??????)(??????? ??????? ???????)
THE MINISTER OF STATE (INDEPENDENT CHARGE)
OF THE MINISTRY OF COMMERCE & INDUSTRY
(SHRIMATI NIRMALA SITHARAMAN)

(a): As reported by Council for Leather Exports, the turnover of the Indian leather and footwear industry is estimated to be USD 12.35 billion, out of which exports is to the tune of USD 5.85 billion (2015-16) and domestic market USD 6.5 billion (2015-16). The share of exports in the total turnover of the leather industry is about 47%.

(b) & (c): Rs. 1032.23 Crore have been spent under Indian Leather Development Programme (ILDP) during XIIth Five Year Plan till date. ILDP aims at augmenting raw material base through modernization and technology up-gradation of leather units, addressing environmental concerns, human resource development, supporting traditional leather artisans, addressing infrastructure constraints and establishing institutional facilities. In addition to assistance under ILDP as mentioned above, the following steps have also been taken up by government to promote Leather Industry in the country:

(i) Rs. 495 Crore has been sanctioned by Department of Commerce for construction of new branches at Guna, Patna, Hyderabad, up-gradation of Chhindwara Branch and Computer Networking Centre of FDDI.
(ii) Rs. 765 Lakh has been sanctioned by Department of Commerce under Market Access Initiative (MAI) scheme and Rs. 297.93 Lakh under Marketing Development Assistance (MDA) scheme for marketing programmes and activities during 2016-17.
(iii) Rs. 57.11 Crores has been sanctioned by Department of Commerce under Assistance to State for Infrastructure Development of Exports (ASIDE) scheme for creation of common infrastructure facilities.
(iv) Various other measures implemented for leather sector include no import duty on hides & skins, semi-processed as well as finished leather, raw and tanned furskins; duty free import of Machinery under Export Promotion Capital Goods (EPCG) scheme; duty free import of notified inputs to the extent of 3% of Free on Board (FOB) value of export in previous year under Duty Free Import Scheme(DFIS); No excise duty on footwear of MRP upto Rs. 500/-, 6% excise on footwear of MRP over Rs. 500 and upto Rs. 1000 and for leather footwear of MRP over Rs. 1000 along with 30% abatement
(v) Permission for 100% Foreign Direct Investment (FDI) under automatic route in leather sector
(vi) MSME units in leather sector are eligible for reduction in interest rates on rupee export credit to the extent of 3% under Interest Equalization Scheme
(vii) Leather products and footwear components are also entitled to 3% scrip under Merchandise Exports from India Scheme (MEIS).
(viii) The export of finished leather and leather products get All Industry Rates of duty drawback.

****